

Statement of
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before the
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Committee on Science, Space and Technology
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Mr. Chairman, members of the subcommittee, thank you for the opportunity to report on the status of the commercial space transportation initiative. To date, domestic ELV manufacturers have signed over a dozen launch reservation agreements with satellite customers. I am pleased to announce that Martin Marietta has submitted mission review requests for two payload customers and that we expect to receive a third request from another launch firm soon. American Rocket Company has just initiated a licensing request for a test launch to be conducted later this year.

The response of America's private sector has sent a clear signal to our foreign competitors: We are not standing idly by while rocket technology we pioneered is taken away just at the very moment its transfer to industry becomes profitable to the American economy.

For the past several years, the President and the Congress have been committed to creating an institutional framework to enable the private sector to provide space launch capacity on a commercial basis -- capacity that has become more precious in the wake of the Challenger accident. It was this commitment that led the President and Congress to direct the U.S. Government -- and DOT in particular -- to encourage private sector launches by expediting the approval process for commercial launch activities, among other initiatives.

Our legislative charter sets DOT apart from other agencies involved in space. Unlike NASA, Air Force, or NOAA, we are not in the business of building, launching, or contracting for launch vehicles or services. Rather, as with other industries DOT regulates, we develop effective policies and guidance that allow private providers of transportation to thrive, while ensuring that the public's safety is protected.

Under Secretary Dole's leadership, DOT is helping to create conditions necessary to enable a U.S. private launch industry to be competitive. We are doing so in consultation with a broad cross-section of the space industry -- launch vehicle manufacturers, satellite owners and operators, and the insurance and financial communities.

In August, after serious study by Cabinet-level working groups, the President announced his decision to take the shuttle out of competition with private launch companies for routine commercial satellites. This Presidential decision was made in the context of a plan to provide affordable access to national range facilities, accelerate commercialization agreements between government and industry, include "commercial adaptability" as a factor in evaluating MLV proposals, and initiate interagency discussions to define the desirability and scope of international negotiations concerning fair competition in launch services. Most recently, the President included the commercial ELV industry as one element in the "Competitiveness Initiative," announced in his State of the Union Address.

The establishment of an effective regulatory program is well under way. Interim licensing policies and procedures, developed to implement the Commercial Space Launch Act, were published last year and will be published in revised final form this Spring. Also, we have been working closely with other agencies to resolve operational issues that have stood in the way of final commercialization and range use agreements. These agreements are

motivating industry and Government to focus on and resolve a number of fundamental issues -- the allocation of risk, the cost to commercial operators of purchasing services and facilities, environmental issues, and the overall issues that characterize any commercial enterprise.

Because access to existing launch facilities is absolutely critical to the industry, we are working closely with the Air Force and NASA to ensure that range use agreements are responsive to commercial launch industry needs and requirements. I asked our Commercial Space Transportation Advisory Committee to review a draft of the Air Force's model agreement covering commercial use of Government range facilities. A comprehensive analysis of the draft was prepared and submitted to both Secretary Dole and the Secretary of the Air Force. The report concluded that the draft was "overprotective of the government's interests" and should be rewritten with greater consideration to its impact on commercial enterprises. In particular, it pointed to liability provisions that could expose the industry to almost unlimited risks, uncontrollable costs, burdensome billing procedures, excessive demands for data disclosure, and monitor and control responsibilities beyond those required for assuring public safety.

Secretary Aldridge has told us that Air Force is now revising the agreement, largely based on the COMSTAC report to make the ranges more commercially viable. Some issues Air Force will be able to resolve on its own, while others, such as liability, will require government-wide involvement.

We are mindful that a carefully implemented transition to full commercialization is essential. The Executive and Legislative branches must work closely to ensure that we have appropriate incentives so that private enterprise accustomed to over thirty years of government contracting finds it profitable to aggressively compete with other nations for commercial customers.

The U.S. Government will not compete with industry for customers, but must work with industry to identify and work toward the removal of unnecessary barriers. Such support is consistent with our charter, the President's policy, and the best interests of the nation's space program.

The Department has actively worked to create an environment in which commercial space transportation can flourish. Our view, however, is and has always been that regulation constitutes the core of the Department's mission. Ensuring that no aspect of commercial launch activities poses unreasonable safety risks to the public is our primary operational concern. In developing effective safety requirements, DOT must conduct analyses of the same scope and depth as it does in other modes of transportation.

It is this effort that drives our FY 1988 budget request. Our FY 1988 budget anticipates the addition of two technical staff positions to assist in the direction of our research program and the evaluation of commercial launch license applications, in addition to a request for \$4 million to conduct the regulatory research itself.

The objective of our research program is to provide appropriate safety standards and criteria for commercial launch operators. At present, we see a need to develop a data base of information specifically applicable to regulating a commercial space launch industry. The five major areas of study include: R&D Support and Integration, Technical Support, Environmental Analysis, Safety Analysis, and Risk Management. The first area of contract support (R&D Support and Integration) is a one-year effort to provide the program planning and management necessary to carry out and aggregate the other aspects of the R&D initiative. A second one-year contract will be let (Technical Support) to provide near-term technical consulting services, identifying licensing issues related to commercial use of national range

facilities and services. A task order contract will be awarded in the next thirty days to conduct a follow-up assessment of environmental issues and to prepare alternative courses of action.

Two larger multi-year contracts are being prepared in the areas of Safety Analysis and Risk Management. Safety analysis will focus on identifying public safety issues, assessing current range safety practices in the context of commercial launch operations, developing license evaluation criteria, and the conduct of safety studies and data development. Risk Management contract work will identify those factors associated with new site locations affecting public safety, develop a data base and model of assessing the relative risk to public safety for each facet of a commercial launch activity, establish a means for interpreting findings resulting from license safety reviews and for setting third party liability insurance requirements. Several other large contracts will be initiated in the fourth quarter of this fiscal year.

During this fiscal year, we will keep in close contact with the committee to discuss our contracting and research plans, and to share with it the preliminary results of those efforts. Already some products, such as a programmatic environmental assessment and analysis of the licensing issues for launches from national ranges have been completed. The environmental assessment is an excellent example of an effort in which we used existing data accumulated at the national ranges to meet a wide array of Government information requirements related to commercial ELV operations. In addition, we have initiated a study of the generic hazards of commercial space activities that will provide a basis for analyzing the need for certain Federal regulatory actions.

Secretary Dole has directed me to assess the resources currently available to the Office of Commercial Space Transportation and to develop and execute a plan to ensure that we are able to respond effectively, and in a timely fashion, in

carrying out our regulatory responsibilities. That plan is under development, but I expect to be in a position to share it with the Committee in the near future.

American firms have the resources and capabilities to be successful competitors in the international market. By fulfilling our commitment to implement the President's policy and the provisions of the Commercial Space Launch Act, we can create the conditions necessary to enable U.S. companies to compete in the international market and to reduce the backlog of satellites awaiting launch.

After nearly four years of effort, a policy framework is in place that establishes the basis for successful commercialization of space transportation. With continued Congressional support, we will be able to work with industry to put domestic ELVs to work in an increasingly competitive international marketplace. The result, I believe, will be a stronger, more resilient space transportation capability.